

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1959 – SB 2338

March 17, 2014

SUMMARY OF ORIGINAL BILL: Authorizes parents of students enrolled in a public school that has been designated as a focus or priority school to petition the local board of education for conversion of the school to a public charter school or the restructuring of the school under the transformation or turnaround models. Parents who sign a petition shall also sign a pledge to participate in their child's education and work with the local board of education and school during and after the school's restructuring. Sets forth the minimum required changes for schools that are restructured under the transformation and turnaround models including the dismissal of the current school principal. Petitions shall be signed by at least 51 percent of the parents enrolled at the school. Each household shall receive one vote for each enrolled student. Once a petition and pledge is received, the local board of education shall have 60 days to verify petition and pledge signatures. Requires the local education agency to proceed with the restructuring of the school if the petition and pledge signatures are verified to be accurate. Sets forth the timeframe in which restructured schools shall begin operation. If, after the verification process, a petition and pledge does not have the required number of signatures, parents shall have 30 days to gather additional signatures. At the end of the 30 days, if there are not enough signatures, the school shall not be restructured. Authorizes the former principal and teachers who are not retained after the school is restructured to be transferred within the school system in accordance with the Tenn. Code Ann. § 49-5-510. Requires local education agencies (LEAs) to form a community support council for the school consisting of parents, community leaders, teachers or staff, and students if the restructured school is a high school. Sets forth the duties and membership ratios of the community support council. Requires the Comptroller's Office of Research and Education Accountability (OREA) to study the effects of the community support council on the success of the restructuring process after five schools have been restructured. OREA shall make a report to the Education Committees of the General Assembly within two years of the fifth restructured school becoming operational.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent that parents successfully petition for the restructuring of a school, there will be a mandatory increase in local expenditures estimated to exceed \$100,000*. Successful petitions to a public charter school model will also require a transfer of state and local funding from the LEA to the public charter school. The amount of any such transfer is not able to be quantified and is dependent upon multiple unknown factors.

SUMMARY OF AMENDMENT (014515): Deletes and rewrites the bill such that the substantive changes are: making the category of parents, that may petition for a change in their school model, to parents of students enrolled in a school that is in the bottom 10 percent as determined by the performance standard and other criteria set by the State Board of Education; correcting a typographical error in Section 1; authorizing the transition of a regular public school to a public charter school if 60 percent of the teachers employed at the regular public school make such petition and the local education agency agrees to the petition; and authorizing parents of students in a regular public school that is not in the bottom 10 percent according to performance measures to petition for the conversion of their school to a public charter school.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- No change in the Basic Education Program (BEP) funding formula.
- LEAs will be required to implement the restructuring model preferred by the parents upon verification of a successful petition.
- The fiscal impact on local government expenditures will be dependent upon the type of the conversion and its implementation. The fiscal impact will vary from LEA to LEA and from school to school.
- Based on information received from the Comptroller, mandatory local expenditures includes additional or new staff for the restructured school, hiring of new staff at other schools in the LEA to which students may transfer, professional development, expansion of the school day, implementation of a revised or new instructional program, and technical assistance from the LEA or education management organization. Given the extent of unknown factors, a precise impact cannot be determined. However, the mandatory increase in local expenditures is reasonably estimated to exceed \$100,000.
- The number and type of petitions for conversions that will be successful is unknown.
- The community support council will not receive compensation from state or local funding sources.
- Any increase in state expenditures to perform the study is estimated to be not significant.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/msg